GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3966
ANSWERED ON:09.12.2016
Bank Cost of Credit
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Will the Minister of FINANCE be pleased to state:

(a) whether the banks cost of credit increased to 2.4 per cent of average advances in financial year 2016 up from 1.4 per cent at the end of financial year 2015; and

(b) if so, the details thereof and the steps taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance

(a) & (b): The Government or the Reserve Bank of India (RBI) do not have information on increasing the cost of credit to 2.4% of average advances in financial year 2016 from 1.4% at the end of financial year 2015. The information on cost of funds, the return on advances and net interest margin of PSBs, as reported by RBI, for the year 2015 and 2016 is provided below:

Items FY 15 FY 16
Cost of Deposits % 6.67% 6.35%
Yield on Advances % 9.76% 9.11%
Net Interest Margin % 2.63% 2.49%

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